Accrual Accounting and Year-end Tips

Presented by:
Campus Services
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Campus Services, a financial customer services unit within Business and Financial Services, partners with the campus community by providing professional, knowledgeable and responsible business and financial solutions.
Overview

- Accounting Methods
- Accrual Examples
- FY16 Year-End Tips
Accounting Methods
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- An accounting method is the way events and financial position is reported.

2 Accounting Methods

- Cash (i.e. Personal Bank Account)
  - Income is recorded when cash/check is received
  - Expenses are recorded when the vendor is paid

- Accrual (i.e. Governments)
  - Income is recorded when the sale occurs
  - Expenses are recorded when the goods or services are received (and used)
Accrual Method

- Government entities (including universities) are required to follow GASB standards
  - GASB establishes accounting and financial reporting standards for government units
  - GASB 34 requires the use of the accrual accounting method
- Since governments are required to follow GASB standards, CSU is required to use the accrual accounting method
Accrual Method

- The term *accrual* refers to any individual entry recording revenue or expense in the absence of a cash exchange.
- Accruals are recorded on the transaction date.
- Transaction date is when a financial event occurs whether or not cash is exchanged.
  - Services are performed (diagnostic testing).
  - Product is sold (books).
  - Inventory is received.
- CSU’s fiscal year is July 1st – June 30th.
Other Accruals - Assets

- Prepaid Expenses
  - Service contracts
  - Registration Expenses
  - Airline tickets for next year’s travel
Other Accruals - Liabilities

- Deferred Revenue
  - Revenue received in FY16, but earned in FY17
    - Sports/Youth camps paid in advance for next fiscal year
    - Tuition paid in June for summer semester ending in August
    - Football season tickets sold in June
Examples:
Accrual Method
Accrual Method – Revenue Example #1

Account 2205000 receives an order to test a soil sample on April 30\textsuperscript{th}. The test results are completed and the customer invoiced on May 31\textsuperscript{st} for $200 and the customer pays on July 3\textsuperscript{rd}. What document(s) would be used, and when would this revenue be recognized?
Accrual Method – Revenue Example #2

Account 2628000 received and booked $500 conference deposit on May 31 for a conference from September 1-3. What document(s) would you use to book this, and what fiscal year does it go in?
Accrual Method – Expense Example #1

Account 1262000 ordered office supplies on April 30th in the amount of $50 and the supplies were received on May 31st. The vendor was paid on July 2nd. What document will be filled out and what fiscal year will this be in?
Accrual Method – Expense Example #2

Account 1356570 entered into a 12 month service agreement in the amount of $12,000 from April 1–March 31, and was booked in full to object code 6601. What document(s) will be used and what fiscal year will this be recognized in?
FY16 Year-End Tips
Year-end Tips

- From July 1-8 a drop-down will appear that will let you select either “YE2016 Close” or “July 2016”
  - YE2016 Close – post in period 13 for FY16
  - July 2016 – post in period 01 for FY17
Year-end Tips

- Campus has until July 8th at noon to make entries to FY16
  - If you are unsure if you need to accrue an item because you don’t know when the revenue will be received or expense paid, you have until July 8th to make that entry
  - The last business day of July is Friday, July 29th so if a document has the 30th or 31st as the reversal date it will reverse in period 02, not 01.
Year-end Tips

- The following Account and/or Object Codes must be $0.00 at year-end (July 8th at noon)
  - 200xxxx (last 4 numbers are your department number)
    - Each object code needs to be cleared out
  - 6684 Credit Card Clearing – must be $0.00
Year-end Tips

- On June 30th, check your enroute documents to make sure they are approved
- Anything unapproved after 7 p.m. will automatically be disapproved and will need to be re-entered
  - DI, GEC, IAA, IB, ICA, PE, SB, TF, IA/
Year-end Tips – A/P

- Disbursement Vouchers must be submitted and approved by 06/30/16
- A list of outstanding POs will be sent to the Fiscal Officer to identify which is for FY16 and FY17
- A/P will conduct a post-payment review to identify items paid after year-end that should have been accrued in FY16
Year-end Tips - Travel

- June 15\(^{th}\) is deadline to order Ghost Card airline tickets for FY16. If purchased after June 15\(^{th}\) will be booked in FY17.
- TRs with 6/1/16 end date, need to be approved and in travel depts. queue by June 16\(^{th}\).
- TRs with June end date need to be approved in Travel depts. queue by June 24\(^{th}\).
- TRs received after June 24\(^{th}\) will be approved, time permitting.
Year-end Tips - Travel

- All travel documents submitted with a trip end date in FY16 will need to be accrued.
- July 1st – First day a TR can be created in KFS.
Questions?

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